

MEMORANDUM FOR:

Executive Registry

83-2383

FROM:

EA/DDCI

FYI--The DDCI understands that a similar memo was signed by Eloise for and delivered. As guidance, however, he advises that he disagrees with paragraph 3 and does not believe it is our place to be involved with minimizing press reaction, etc. I have advised of this.

Date 4 May 1983

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28 April 1983

MEMORANDUM FOR: Deputy Director of Central Intelligence

FROM:

Director, Intelligence Community Staff

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SUBJECT: NSDD on Commercialization of Expendable Launch Vehicles (ELVs)

1. Action Requested: That you sign the attached memorandum forwarding our comments on the subject NSDD on Commercialization of ELVs. []

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2. Background: In a 22 April memorandum (Tab 1), Judge Clark requested comments on the subject NSDD and Implementing Guidelines on Commercialization of Expendable Launch Vehicles (ELVs), (Tab 2) by 29 April 1983. Two related issues are implicit in the subject NSDD:

- Should the USG encourage and facilitate the commercialization of US ELVs?
- If yes, what is the proper approach for facilitating the commercialization of ELVs? []

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3. These issues have been addressed at this time because of the private sector need for timely policy guidance to permit participation in a competition for the launch of the Intelsat VI class of communication satellites. ELV commercialization, however, has been under consideration for some time and is consistent with the national space policy goal of expanding "US private sector investment and involvement in civil space and space-related activities." []

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4. The study of this issue (Tab 3) was conducted by the SIG(Space) Space Launch Policy Working Group which includes representation from the IC Staff and the NRO Staff. The Working Group met with many of the companies that have expressed interest in commercial ELV operations. []

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[] The Working Group endorsed commercialization of ELVs and developed the implementing guidelines under consideration. []

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Discussion

5. The Working Group identified the following benefits to the USG that could result from the commercialization of ELVs:*

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- Tax revenues and reimbursements derived from the provision of launch services;
- Assumption by the private sector of overhead for ELV production and launch operations previously borne by the USG;
- A positive impact on the US balance of payments to the extent that losses of launches to foreign competitors are reduced;
- Complement to the Shuttle program to meet the demand of many commercial users to have a US backup to the Shuttle to preclude impacts caused by schedule perturbations;
- An alternative for hazardous payloads or payloads that are technically or economically not feasible to use with a manned system;
- An enhanced base of domestic technical production facilities and associated manpower; and
- Avoidance of some close-out costs associated with the terminations of the present USG ELV contracts (and possible partial recoupment of investment in residual boosters and components).

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6. The only disadvantage cited by the Working Group was the potential economic effects that commercialization could have on the [] program. The Working Group analyzed these economic effects using the following assumptions and ground-rules:

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* Parenthetical statements added for completeness.

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The Deputy Director of Central Intelligence

Washington, D.C. 20505

MEMORANDUM FOR: The Honorable William P. Clark
Assistant to the President for
National Security Affairs

SUBJECT: NSDD on Commercialization of Expandable Launch Vehicles
(ELVs)

1. As requested, we have reviewed the draft NSDD on commercial ELVs. We fully concur with the basic goals of US space launch policy as stated in this draft policy statement, and recommend that the USG proceed with commercialization of ELVs as quickly as possible. With one exception, as further noted below, we agree with the content and policy direction of the draft NSDD and the Implementing Guidelines. (U)

2. Our exception concerns the NSC Staff change on Page 2 of the draft NSDD concerning encouragement of competition among various systems and equitable treatment of all commercial operations. While we do not disagree with either concept, the sentence is ambiguous in terms of intent and the legal obligations it places on USG actions related to commercial ELV operations. We have devised alternative wording (see Attachment). The changed sentences now emphasize free-market competition versus implied competitive bidding and add broad qualifications concerning any government obligation to conduct a competitive bid process for the sale or lease of equipment or facilities. The language and framework we are suggesting for USG actions is drawn from existing administration policy in NSDD-50. (U)

3. It is important to minimize unfavorable Congressional and Press reaction to the proposed Presidential ELV commercialization initiative. The SIG(Space) Working Group on Commercial Launches should be tasked to coordinate planning for agency interaction with the Congress and Press on this issue. (U)

4. Because of the importance of these issues and those that I understand will be raised by other agencies, I recommend that this subject be added to the agenda of the 3 May 1983 IG(Space) meeting. (U)

John N. McMahon

Attachment:
Alternate Wording

Attachment

Alternate Wording

Page 2, Paragraph 2: Change as follows:

The U.S. Government will encourage free market competition among various systems and concepts within the U.S. private sector. Consistent with the U.S. economic, foreign policy and national security interests, the USG will provide equitable treatment in the sale or lease of equipment and facilities for all commercial launch operators.